



**Health Services**  
LOS ANGELES COUNTY

June 28, 2013

Los Angeles County  
Board of Supervisors

Gloria Molina  
First District

Mark Ridley-Thomas  
Second District

Zev Yaroslavsky  
Third District

Don Knabe  
Fourth District

Michael D. Antonovich  
Fifth District

TO: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.  
Director

SUBJECT: **NOTIFICATION OF DEPARTMENT OF HEALTH  
SERVICES' USE OF DELEGATED AUTHORITY  
TO EXECUTE AN AMENDMENT TO THE  
TRAUMA CENTER SERVICE AGREEMENTS**

Mitchell H. Katz, M.D.  
Director

Hal F. Yee, Jr., M.D., Ph.D.  
Chief Medical Officer

Christina R. Ghaly, M.D.  
Deputy Director Strategic Planning

313 N Figueroa Street, Suite 912  
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[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*To ensure access to high-quality,  
patient-centered, cost-effective  
health care to Los Angeles  
County residents through direct  
services at DHS facilities and  
through collaboration with  
community and university  
partners.*

This is to advise the Board that the Department of Health Services (DHS) has exercised its delegated authority, approved on December 18, 2012 (attached), to extend the term of the Trauma Center Service Agreement (TCSA) with the 14 designated trauma centers, for an additional one-year period on a month-to-month basis, through June 30, 2014, subject to review and approval by County Counsel, and notification to the Board and the Chief Executive Office.

Under the TCSA, the County maintains trauma facilities as part of the regional trauma care system for treatment of potentially seriously injured persons in accordance with California Health and Safety Code Section 1798.160. There are currently 12 non-County and two County-operated trauma centers in the County. The current TCSAs were set to expire June 30, 2013.

County Counsel has reviewed and approved this Amendment as to form.

If you have any questions or require additional information, please let me know.

MHK:eh

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors



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**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

17 December 18, 2012

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Los Angeles County  
Board of Supervisors

December 11, 2012

Gloria Molina  
First District

Mark Ridley-Thomas  
Second District

Zev Yaroslavsky  
Third District

Don Knabe  
Fourth District

Michael D. Antonovich  
Fifth District

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO TRAUMA CENTER SERVICE  
AGREEMENT AND RELATED FUNDING  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

Mitchell H. Katz, M.D.  
Director

Hal F. Yee, Jr., M.D., Ph.D.  
Chief Medical Officer

Christina Ghaly, M.D.  
Deputy Director, Strategic Planning

**SUBJECT**

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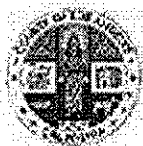
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To ensure access to high-quality,  
patient-centered, cost-effective health  
care to Los Angeles County residents  
through direct services at DHS facilities  
and through collaboration with  
community and university partners.

Request approval to extend the term of Trauma Center Service Agreements with 12 non-County and two County designated trauma centers, and to allow for direct payment where supplemental Medi-Cal payment is not available.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Director of Health Services (Director), or his designee, to execute amendments to the Trauma Center Service Agreements (TCSAs) with the 12 non-County and two County designated trauma hospitals listed in Attachment A, to extend the term of the agreements for six months, for an estimated maximum obligation of \$21.4 million for six months to the non-County Trauma Centers (Extension Funding), subject to proportional adjustment for a percentage change in Measure B Tax Property Assessment (TPA) revenues for Fiscal Year (FY) 2012-13 as compared to FY 2011-12, and to provide for direct payment of certain supplemental amounts up to \$105.1 million for the extension and prior periods if such amounts cannot be matched with federal funds and paid by Medi-Cal for the provision of trauma center services.
2. Approve an estimated amount of \$14.1 million of the Extension Funding, as a potential intergovernmental transfer (IGT) to the State to serve as the non-federal share of enhanced Medi-Cal payments and provide the private trauma



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centers in Los Angeles County with an estimated potential additional Federal match of \$14.1 million reimbursement for trauma care for the period January 1, 2013 through June 30, 2013.

3. Delegate authority to the Director, or his designee, to amend these Agreements to extend the term, on a month-to-month basis, for up to one year through June 30, 2014, with substantially similar terms and conditions, subject to prior review and approval by County Counsel and notification to the Board and the Chief Executive Office at the funding level approved for Fiscal Year (FY) 2012-13.

4. Approve the annual Trauma Center/Paramedic Base Hospital fee for the non-County and County trauma centers to offset the County's costs associated with data collection, monitoring, and evaluation for FYs 2012-13 and 2013-14, at \$86,577 and \$88,831, respectively, for each Contractor, excluding Children's Hospital Los Angeles for whom the annual fee for FYs 2012-13 and 2013-14 shall be \$71,520 and \$73,382, respectively.

5. Approve the allocation and distribution of an estimated \$2.0 million in Senate Bill (SB) 1773 pediatric trauma allocation (Richie's Fund) in FY 2013-14, based on FY 2012-13 collections, through the TCSAs to the designated Pediatric Trauma Centers (PTCs) listed in Attachment B.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Trauma care is vital to public health and safety. Trauma centers save lives by providing immediate coordination of highly specialized care for the most life-threatening injuries. In communities with access to trauma care centers, mortality and morbidity rates from traumatic injuries are significantly reduced.

Presently, the Medi-Cal State Plan allows supplemental or enhanced payments to private trauma hospitals in Los Angeles County which are funded by an IGT from the County and federal matching funds. Pursuant to the State Plan and a related interagency agreement between the County and the California Department of Health Care Services (DHCS), the IGT and federal matching funds are distributed among the County-designated private trauma hospitals to ensure continued access by Medi-Cal beneficiaries to trauma and emergency room care in the County. Such payments are subject to an aggregate limit. During development of a successor TCSA, DHS became aware of a potential problem with the methodology used by DHCS to determine the limit on enhanced trauma hospital payments under the State Plan, which is based on the aggregate uncompensated costs of the eligible private trauma hospitals in Los Angeles County for Medi-Cal outpatient hospital services. DHS and the Trauma Centers are currently working with DHCS to resolve this issue. However, depending on the outcome of negotiations with the Centers for Medicare and Medicaid Services ("CMS"), it may be possible that the amount of enhanced Medi-Cal payments to private trauma hospitals which are IGT funded may be significantly reduced both in the future and retroactively to Fiscal Year 2009-10.

Approval of the first recommendation will allow the Director to execute TCSA Amendments, substantially similar to Exhibit I, to extend the term of each agreement for six months, for the period of January 1, 2013 through June 30, 2013, for the continued provision of trauma center services. Approval of this recommendation will also allow the Director to reimburse non-County trauma centers for care provided to eligible trauma patients for the six-month period of January 1, 2013 through June 30, 2013, as set forth in Exhibit B of the TCSA. The amendment also makes provision for the direct

payment of certain funds that would ordinarily be used as an IGT to allow supplemental Medi-Cal payments both retroactively and prospectively in the event that the Medi-Cal State Plan is construed in a way which would preclude using such IGT funds to draw down supplemental federal financial participation.

This additional six-month period is needed to allow DHS more time to resolve the issues raised by DHCS regarding the State's ability to use some or all of the IGTs to draw down federal matching funds and make supplemental Medi-Cal payments.

Approval of the second recommendation will allow the Director to distribute an estimated amount of \$14.1 million as an IGT for the period January 1, 2013 through June 30, 2013 to the State to draw-down federal matching funds for supplemental Medi-Cal payments and provide the private trauma centers, excluding Ronald Reagan UCLA Medical Center and Antelope Valley Hospital, with an estimated additional Federal match of \$14.1 million reimbursement for trauma care. If any amount of the Federal matching funds are not available, DHS may elect to shift amounts between the different funding components of the agreement, Claims Based, Paramedic Base Station, and Lump Sum to any of the private trauma centers.

Approval of the third recommendation will allow the Director to extend the term of each Agreement on a month-to-month basis for up to one additional year through June 30, 2014, if there are no material changes in the reimbursement provisions.

DHS and the Trauma Centers recognize that the Affordable Care Act and the current state Medicaid Demonstration project will have significant impact on the payment mechanisms in this contract, particularly as of January 1, 2014. Accordingly, DHS will begin promptly to work with the Trauma Centers, as a group, to evaluate the current structures in light to changes in the health care industry, to estimate impacts, and to develop proposals to revise the payment mechanisms in an attempt to assist the Trauma Centers in accessing federal revenue.

Approval of the fourth recommendation will increase the annual Trauma Center/Paramedic Base Hospital fee which offsets the County's costs of data collection, monitoring, and evaluation of the Advanced Life Support programs. The increase is necessary to offset the additional costs of the Trauma Emergency Medicine Information system and staff salaries to manage the data. SB 1773 requires that 15 percent, also known as Richie's Fund, be allocated to expand pediatric trauma and emergency services at both County and non-County facilities. Since your Board's approval, Northridge Hospital Medical Center (NHMC) has been designated a PTC, bringing the total number of PTCs operating in Los Angeles County to seven.

Since your Board's implementation of SB 1773 in March 2007, Richie's Fund allocations totaling \$11.6 million have been distributed as follows: \$3.1 million to the two County-operated PTCs; \$3.2 to the four non-County PTCs; and \$5.3 million to NHMC to enhance pediatric trauma and emergency services. The funds being allocated are earmarked in the Legislation for the enhancement of pediatric trauma and emergency care. The TCSAs set out the trauma center and PTC service requirements.

Approval of the fifth recommendation will allow the Director to distribute of Richie's Fund collected in FY 2012-13 to be paid in FY 2013-14, to the PTCs listed in Attachment B to augment the services provided to pediatric trauma patients. The four non-County PTCs excluding NHMC, and the two County-operated PTCs will receive an estimated \$0.1 million. NHMC will receive an estimated \$1.9 million in FY 2013-14 as the final allocation to help defray losses incurred during the third year of operation as a PTC. NHMC previously received \$1.6 and \$1.7 million in FYs 2010-11 and 2012-13,

respectively, to defray operating losses for the first two years as a PTC.

### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 3, Integrated Services Delivery of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

For the extension period of January 1, 2013 through June 30, 2013, the total estimated maximum obligation to non-County trauma centers will be \$21.4 million. Funding for the non-County trauma centers is based in part on Measure B Funding. This Measure B funding may vary as a result of proportional adjustment due to change in TPA revenues for FY 2012-13 as compared to FY 2011-12.

The total amount of \$21.4 million includes \$5.8 million for claims-based payments, \$13.4 million for periodic lump-sum payments for providing continued access to emergency care for Medi-Cal beneficiaries, and \$2.2 million for the special costs incurred for those trauma centers providing base hospital services. The \$5.8 million for claims-based amount consists of Measure B (approximately \$4.3 million) and SB 612 (Maddy) funds (approximately \$1.5 million).

This Amendment provides for an annual trauma center service fee in the amount of \$86,577 for FY 2012-13, and \$88,831 for FY 2013-14, payable to the County by each non-County and County-operated trauma center, excluding Children's Hospital Los Angeles for whom the Paramedic Case Hospital fee does not apply; therefore, their fee shall be \$71,520 for FY 2012-13, and \$73,382 for FY 2013-14, to offset County costs associated with data collection, monitoring, and evaluation. Estimated annual revenue to the County from these fees is \$1.2 million for FY 2012-13 and \$1.2 million, for FY 2013-14.

For FY 2013-14, an estimated \$2.0 million in Richie's Fund will be distributed to the existing PTCs based on projected FY 2012-13 collections and pediatric trauma volume (excluding NHMC). NHMC will receive an estimated \$1.9 million as the final allocation to help defray operating losses incurred in the third year of maintaining a PTC and the balance of \$0.1 million will be allocated to the two County-operated and the four non-County operated PTCs.

Funding is included in DHS' FY 2012 13 Final Budget and will be requested in FY 2013-14.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Pursuant to the authority granted under California Health and Safety (H&S) Code Section 1798.160, the County maintains trauma facilities as part of the regional trauma care system for treatment of potentially seriously injured persons. Division 2.5 of the H&S Code authorizes the local Emergency Medical Services Agency to designate Trauma Centers as part of the regional trauma care system. There are currently 12 non-County and two County-operated trauma centers in the County. The current TCSAs with these trauma centers expire December 31, 2012.

On November 6, 2002, Measure B, a ballot initiative, was passed by the voters of Los Angeles County. Measure B provides funding for trauma and emergency services as well as bioterrorism preparedness. A portion of these funds is allocated by the County to reimburse private Trauma

Centers for care provided to County-responsible patients. Another portion of the funds is used for an IGT to provide the non-federal share of enhanced Medi-Cal payments to private trauma hospitals.

This Amendment to the TCSAs with the 14 designated trauma hospitals will extend their term for an additional six months, through June 30, 2013 and provide for direct payment of certain County funds in the event that the expected levels of enhanced Medi-Cal payments cannot be made. Such direct payments shall not exceed the amount DHS would otherwise expend as an IGT. At the Director's discretion, DHS may execute an additional amendment to extend the contract term for an additional one (1) year on a month-to-month basis, through June 30, 2014, if there are no major changes in the reimbursement provisions.

On March 6, 2007, your Board adopted a resolution which implemented the provisions of SB 1773, which was approved by the Governor on September 30, 2006. SB 1773 authorized your Board to levy an additional penalty in the amount of \$2 for every \$10, upon fines, penalties, and forfeitures collected for criminal offenses to cover emergency and trauma services provided to indigent patients and improve emergency services in the County, so long as the increased penalties did not offset or reduce the funding of other programs from other sources.

County Counsel has approved Exhibit I as to form.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommendations will help ensure that the Trauma Centers will continue to provide the level of program services currently offered in the County through June 30, 2013.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz", is written over the signature line.

Mitchell H. Katz, M.D.

Director

MHK:CC:rb

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

**TRAUMA CENTERS**

**NON-COUNTY TRAUMA CENTERS**

1. Antelope Valley Hospital
2. California Hospital Medical Center
3. Cedars-Sinai Medical Center
4. Childrens Hospital Los Angeles
5. Henry Mayo Newhall Memorial Hospital
6. Huntington Memorial Hospital
7. Long Beach Memorial Hospital
8. Northridge Hospital Medical Center
9. Providence Holy Cross Medical Center
10. St Francis Medical Center
11. St Mary Medical Center
12. Ronald Reagan UCLA Medical Center

**COUNTY-OPERATED TRAUMA CENTERS**

1. LAC+USC Medical Center
2. Harbor-UCLA Medical Center

**PEDIATRIC TRAUMA CENTERS**

**NON-COUNTY PEDIATRIC TRAUMA CENTERS**

- 1) Northridge Hospital Medical Center (New PTC)
- 2) Cedars-Sinai Medical Center
- 3) Children's Hospital Los Angeles
- 4) Long Beach Memorial Hospital
- 5) Ronald Reagan UCLA Medical Center

**COUNTY-OPERATED PEDIATRIC TRAUMA CENTERS**

- 6) LAC+USC Medical Center
- 7) Harbor-UCLA Medical Center